TFSA Pot Investors: Pounce on These Beaten-Down Stocks Before They Bounce Back

Description

Hey there, Fools. I'm back to call attention to three stocks trading at new three-month lows.

Why?

Because the biggest stock market gains are made by buying attractive companies: during times of extreme market bearishness; and when they're available at a clear discount to intrinsic value.

As legendary value investor Warren Buffet once quipped, "Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down." And there is no better place to buy marked down stocks than in a TFSA account, where the upside is all tax free.

Let's get to it.

Imperial opportunity

Leading off our list is oil and gas producer **Imperial Oil** (TSX:IMO)(NYSE:IMO), whose shares have fallen sharply in recent weeks and are currently trading at three-month lows of about $36.

Imperial's shareholder-friendly nature, diversified business model, and leading market position in several segments are just a few reasons to pounce. Despite cold weather and mandated curtailments, Imperial still managed to generate operating cash flow of $1 billion. Moreover, it returned $510 million through buybacks and dividends.

"The company's upstream production, midstream logistics, and downstream refining and sales work together to provide resiliency across a range of market conditions," wrote Imperial.

Imperial shares are down 17% over the past year and currently offer a yield of 2.5%.

Trust the process

Next up, we have marijuana producer **CannTrust Holdings** (TSX:TRST)(NYSE:CTST), whose shares are down 35% over the past three months and trading at 90-day lows of roughly $6.50.

The stock has been weighed down on growth concerns as well as a lackluster launch into the recreational market, but now might be a prime opportunity to pounce.

Just last month, CannTrust signed a letter of intent with California-based Elk Grove Farming that will provide access to over 3,000 acres of farmland for hemp production.

“Our U.S. operation is expected to deliver a significant increase in low-cost production capacity, which will leverage our expertise in standardized CBD-based product formulation, and will give the Company a foothold in the largest international,” said CannTrust CEO Peter Aceto.

CannTrust is off 19% over the past year.

Pot shot

Rounding out our list is another pot stock: **Canopy Growth** (TSX:WEED)(NYSE:CGC), which is down 8% over the past three months and trading at 90-day lows of about $53.50.

The big blow came yesterday when Canopy announced that Bruce Linton would step down as co-CEO and Board member. The buzz on Bay Street is that Canopy’s giant partner, Constellation Brands, was behind the move due to disappointment with Canopy’s most recent quarter.

“We thank Bruce and Mark for establishing the foundation for a company that is very well-positioned to lead in the emerging global cannabis market,” said Canopy Board Director David Klein. “We are also excited to embark upon our next phase of growth as global leader in the cannabis industry.”

Given Canopy’s still-exciting growth prospects, betting on that bullishness might be a profitable move.

The bottom line

There you have it, Fools: three contrarian stocks worth checking out.

As always, don’t see them as formal recommendations. Instead, view them as a starting point for more research. Trying to catch a falling knife can be hazardous to your wealth, so plenty of homework is still required.

Fool on.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:IMO (Imperial Oil Limited)
3. TSX:WEED (Canopy Growth)

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